

VZCZCXRO5713
RR RUEHGR
DE RUEHKG #0553/01 0791826
ZNR UUUUU ZZH
R 201826Z MAR 06
FM AMEMBASSY KINGSTON
TO RUEHC/SECSTATE WASHDC 2458
INFO RUCNCOM/EC CARICOM COLLECTIVE
RUEHAO/AMCONSUL CURACAO 0157
RHEFDIA/DIA WASHDC
RUEABND/DEA HQS WASHINGTON DC
RUMIAAAA/CDR USSOUTHCOM MIAMI FL
RUCPDOG/DEPT OF COMMERCE WASHDC
RUEATRS/DEPT OF TREASURY WASHDC

UNCLAS SECTION 01 OF 02 KINGSTON 000553

SIPDIS

STATE FOR WHA/CAR (BENT) AND WHA/PDA
STATE ALSO FOR INL/LP (BOZZOLO), EB/TPP, AND EB/IFD
STATE ALSO DOE CA/OCS/ACS/WHA (RUTH BRANSON)
STATE PASS OPIC FOR TABERNAKI
CUSTOMS MIAMI FOR LOWEN AND MAHABIR
SANTO DOMINGO FOR FCS, FAS, AND LEGATT
STATE PASS USTR FOR A. GASH-DURKIN
DOJ FOR OPDAT/R LIPMAN
TREASURY FOR LAMONICA

SIPDIS

E.O. 12958: N/A
TAGS: [PGOV](#) [PREL](#) [EFIN](#) [ECON](#) [EINV](#) [PHUM](#) [ELAB](#) [KHIV](#) [JM](#)
SUBJECT: KINGSTON POL/ECON ROUNDUP: MARCH 7 - MARCH 17, 2006

KINGSTON 00000553 001.2 OF 002

Ref:

[1](#)1. This week's topics:

- New Prime Minister on March 30
- Delta Call Center Contract
- Tax Debate Heats Up
- New Player in Telecom Industry
- Tough Cement Problem
- Crime Rates Down

New Prime Minister on March 30

[1](#)1. Prime Minister designate, Portia Simpson Miller, will be sworn into office at a ceremony scheduled for 5 p.m. on March 30, the same day that PJ Patterson steps down.

Delta Call Center Contract

[1](#)2. E-Services Group Jamaica, a subsidiary of e-Services Group International, Texas, has entered into the biggest outsourcing contract in the English-speaking Caribbean with Delta Airlines. E-Services, which currently employs 1,500 workers, will provide customer care services for the airline. CEO of e-Services, Jamaica, Patrick Casserly stated that the agreement was the most significant development in the sector since its inception in 2000. Technology Minister Philip Paulwell, still smarting from the continued failure of a GOJ funded call center, said that the deal was a vote of confidence in the skill and competence of the Jamaican workforce and confirms that the country can

compete and win against the best in the world. The agreement is a multi-year contract worth several billion Jamaican dollars. Delta's VP for Reservations said the company was selected based on its proven ability to deliver high quality customer service at a significant cost saving and its proximity to the U.S.

Tax Debate Heats Up

¶3. In connection with the upcoming budget presentation in Parliament, the debate on tax compliance has re-emerged, with tax consultant Ethlyn Norton-Coke again proposing that the GOJ raise the consumption tax to 22.5 percent and eliminate income tax. According to Coke, self-employed Jamaicans often do not pay income taxes and are not held accountable due to the poor policing methods. However, Brian Denning of PricewaterhouseCoopers has cautioned that while consumption taxes are easier to collect, it places a burden on the poor. Norton-Coke acknowledged it was a fair concern and suggested that the solution was to compensate the poor through a social safety net. (Comment: The GOJ is unlikely to adopt Norton-Coke's proposal for two reasons. First, it is not politically palatable and secondly pay as you earn taxes are easiest to collect. End Comment.)

New Player in Telecom Industry

¶4. Flow Jamaica (Flow), a member of the Columbus Communications Group, a CARICOM-based telecommunications provider operational in several Caribbean countries, is preparing to enter the Jamaican market. Flow's goal in Jamaica is to offer ultra high speed broadband services to

KINGSTON 00000553 002.2 OF 002

include high speed Internet, digital landline service and digital cable TV with over 250 channels to residential and business customers. Flow expects to start offering services by March 2006. Other players in the telecom sector are bracing for the competition.

Tough Cement Problem

¶5. Tough times appear to be ahead for the construction sector in Jamaica in the wake of serious deficiencies in production quality and quantity from the Caribbean Cement Company. Caribbean Cement is a monopoly which has, in recent months, faced complaints of not being able to meet the demand from the booming construction sector. The shortage led to a reduction in duty rates for imported cement from 41% to 15%.

¶6. Additionally, some of the recently distributed cement is of inferior quality. According to Jamaica's Bureau of Standards, all cement produced by the Caribbean Cement Company between February 19 and 25, is to be withdrawn following the failure of samples to meet compulsory standards. This will have severe implications since much of the substandard cement has already been used. Septel reports further on the cement industry problems.

Crime Rates Down

¶7. As of March 16, Jamaica's homicide rate stood at 250, a 30% reduction over the same time period in 2005. The JCF reported a decline of 21% for overall crime.